

Internal Revenue Service

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Department of the Treasury

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Person to Contact:

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Refer Reply To:

CC:DOM:IT&A:2 – COR-103755-00

Date:

Dear [REDACTED]:

Senator [REDACTED] has asked me to respond to your letter dated January 12, 2000, for information concerning the standard mileage rates published by the Internal Revenue Service (most recently published in Rev. Proc. 99-38, 1999-43 I.R.B. 525). In particular, your letter is concerned that the standard mileage rate for medical purposes is lower than the mileage rate for business usage. As discussed below, the deductions allowed under the Internal Revenue Code for medical expenses differ from the deductions allowed for business expenses, and the mileage rates reflect these differences.

For business expenses, § 162(a) of the Code allows a deduction for all of the ordinary and necessary expenses paid or incurred during the taxable year in carrying on any trade or business. Additionally, § 167 allows a depreciation deduction for property used in a trade or business. The expenses of using a car for business purposes are reflected in the business standard mileage rate; under section 5.03 of Rev. Proc. 99-38, the business rate takes into account depreciation (or lease payments), maintenance and repairs, tires, gasoline (including all taxes thereon), oil, insurance, and license and registration fees.

For medical expenses, § 213 allows a deduction for expenses paid during the taxable year, not compensated by insurance or otherwise, for medical care, and includes transportation primarily for and essential to medical care. In Weary v. United States, 510 F.2d 435 (10th Cir. 1975), and Calafut v. Commissioner, T.C.M. 1964-239, the courts held that, with respect to the expenses of operating an automobile, only out-of-pocket expenses are deductible as medical expenses. Thus, section 7.03 of Rev. Proc. 99-38 provides that the medical standard mileage rate does not include the costs of depreciation (or lease payments), maintenance and repairs, tires, insurance, and license and registration fees. The medical standard mileage rate, therefore, is lower than the business standard mileage rate.

COR-103755-00

I hope this information is helpful. Please contact Edwin B. Cleverdon, Identification Number 50-01366, at (202) 622-4920, if we may be of further assistance.

Sincerely,

Deputy Assistant Chief Counsel
(Income Tax & Accounting)

By _____
Robert A. Berkovsky
Chief, Branch 2

cc: Senator [REDACTED]